

Message Text

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ACTION SS-30

INFO OCT-01 ISO-00 /031 W

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R 200707Z OCT 73

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 6308

S E C R E T SECTION 1 OF 2 VIENTIANE 7232

EXDIS

E.O. 11652: GDS

TAGS: EAID, EFIN, JA, LA, AS

SUBJECT: LPF ATTITUDE TOWARD FEOF

DEPARTMENT PLEASE PASS AMEMBASSIES CANBERRA, TOKYO,
LONDON AND PARIS, AS DESIRED

REF: (A) TOKYO 13502

(B) STATE 204914

(C) CANBERRA 5697

(D) CANBERRA 5609

(E) TOKYO 13088

BEGIN SUMMARY: AFTER CAREFUL SCRUTINY OF PAST LPF
PROPAGANDA, WE FOUND NO EXPLICIT CONDEMNATION OF FEOF,
ALTHOUGH THERE WERE NUMEROUS BLANKET ATTACKS ON U.S.
FINANCIAL AID AND THE "FEUDAL ECONOMY" OF RLG ZONE.
DURING OUR ONLY DISCUSSION WITH AN LPF SENIOR OFFICIAL
ON THIS SUBJECT, GENERAL COMPLAINT ON ALLEGED MISUSE OF
USG ASSISTANCE WAS VOICED BUT NO ATTACK ON FEOF PER SE.
WE ARE ATTEMPTING TO ELICIT PUBLIC STATEMENT BY SOUVANNA
ON CONTINUED NECESSITY FOR FEOF AND WILL PROBE DISCREETLY
WITH LPF CONTACT ON COMMUNIST VIEW, IF DEPARTMENT AGREES.
WE CONTINUE TO RECOMMEND THAT MAXIMUM POSSIBLE PRESSURE
BE EXERTED ON GOVERNMENTS OF AUSTRALIA AND JAPAN, SINCE
FAILURE OF FEOF WOULD MEAN COLLAPSE OF RLG. END SUMMARY

1. IN RESPONSE TO PARAGRAPH TWO OF REF B, WE HAVE REVIEWED
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VARIETY OF LPF POSITION STATEMENTS SINCE 1964. THESE IN-
CLUDE: FOUR MAJOR PROPAGANDA PAMPHLETS (ONE OF WHICH WAS
AUTHORED BY PHOUMI VONGVICHIT); THE LENGTHY STATEMENTS MADE
BY LPF REPRESENTATIVES DURING THE LAO INTERNAL TALKS FROM

OCTOBER 1972 TO FEBRUARY 1973; AND THE PAST SIX MONTHS OF FBIS INTERCEPTS OF RADIO PATHET LAO.

2. THE LPF TEN-POINT PROGRAM OF APRIL 1964, ITS TWELVE-POINT PROGRAM OF NOVEMBER 1968, AND ITS FIVE-POINT PEACE PROPOSAL OF MARCH 1970 ARE PRIMARILY POLITICAL DOCUMENTS IN WHICH THERE ARE ONLY PROFORMA REFERENCES TO THE NEED "TO BUILD A STABLE ECONOMY AND FINANCE AND AN INDEPENDENT CURRENCY... WORK OUT A CORRECT MONETARY AND PRICE POLICY...ETC." ECONOMIC PORTIONS OF PHOUMI VONGVICHIT'S BOOK, WRITTEN IN 1969, FOCUS PRIMARILY ON THE "FEUDAL" VILLAGE ECONOMY OF NON-COMMUNIST LAOS, ALSO ATTACKING THE "COMPRADOR BOURGEOISIE" FOR CORRUPTION AND ALLEGED DIVERSION OF USAID FUNDS TO FINANCE EXPLOITATIVE BUSINESS ENTERPRISES. ON OCTOBER 17, 1972, THE LPF DELEGATION TO THE FIRST SESSION OF THE LAO INTERNAL TALKS COMPLAINED THAT "AMERICAN AID HAS FEUDALIZED OUR ECONOMY TO THAT OF THE UNITED STATES" (SIC) BUT GAVE THE SUBJECT ONLY FOUR LINES IN AN ELEVEN-PAGE, SINGLE-SPACED DOCUMENT. THE FOLLOWING WEEK, THE LPF REPRESENTATIVE AT THE TALKS OBJECTED THAT "SINCE THE RLG EXPORTS ONLY \$2 MILLION WORTH OF PRODUCTS AND IMPORTS \$40 MILLION WORTH, HOW CAN LAO INDEPENDENCE BE GUARANTEED WHILE SUCH A COMMERCIAL BALANCE OF PAYMENTS EXISTS?"

3. RADIO PATHET LAO, OVER THE PAST SIX MONTHS, FOCUSED ATTENTION ON ECONOMIC ISSUES IN ONLY TEN SHORT PROPAGANDA BROADCASTS, ATTACKING THE RLG FOR HIGH RICE PRICES AND ALLEGED HIGH TAXES. ON AUGUST 25, RADIO PATHET LAO REPEATED A STATEMENT BY A NATIONAL ASSEMBLYMAN THAT "U.S. AID IN LAOS ONLY REACHED A FEW OF THE LEADERS OF THE CORRUPT REGIME, SOME OF WHICH HAVE PUT HUGH SUMS IN FOREIGN BANKS." ON MAY 5, RADIO PATHET LAO, ITSELF, COMPLAINED THAT "TO BUY A FAIRLY LARGE QUANTITY OF GOODS, A TRADER MUST BE PROVIDED WITH A CERTIFICATE BY THE TRADE SERVICE. A CERTIFICATE FOR PURCHASE OF ONE TON OF IRON COSTS A TRADER SOME 10,000 KIP." THIS WAS CONDEMNED AS AN EXAMPLE OF CORRUPTION IN VIENTIANE. BOTH THESE BROADCASTS MAY HAVE BEEN REFERRING
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INDIRECTLY TO FEOF.

4. THUS, WHILE BROAD CONDEMNATIONS OF USAID AND OF "THE FEUDAL ECONOMY IMPOSED BY THE AMERICANS ON THE RIGHTIST ZONE" WERE OFTEN MADE BY THE LPF OVER THE PAST NINE YEARS, WE HAVE FOUND NO EXPLICIT REFERENCE TO FEOF. ON OTHER MORE POLITICAL ISSUES, LPF PROPAGANDA HAS FOCUSED ON MINUTE DETAILS OF U.S. OPERATIONS IN LAOS. WE THUS DOUBT WHETHER THE FAILURE TO CRITICIZE FEOF BY NAME COULD HAVE BEEN INADVERTENT.

5. THE ONLY OTHER INKLING WE HAVE OF LPF VIEWPOINT SURFACED WHEN DCM DEAN DISCUSSED AID QUESTIONS WITH LPF PLENIPOTENTIARY

PHOUMI VONGVICHIT ON JULY 25 (VIENTIANE 5187-NODIS). PHOUMI SAID THAT HE WISHED TO INCLUDE IN THE PROTOCOL A SPECIFIC REFERENCE TO THE TWO LAO PARTIES NEGOTIATING WITH THE USG ON AMERICAN ASSISTANCE BECAUSE HE WAS AFRAID THAT OTHERWISE ALLOCATION OF USG ASSISTANCE WOULD BE CONTROLLED BY THE "VIENTIANE SIDE" AND DIRECTED ONLY TO THE RLG-CONTROLLED ZONE. PHOUMI CONTINUED THAT ANOTHER REASON THE LPF WISHED TO BE ASSOCIATED WITH POLICY DECISIONS ON UTILIZATION OF AMERICAN AID WAS THAT "SOME AMERICAN AID APPEARED TO BENEFIT EXCLUSIVELY A SMALL LAO CLASS." WE INTERPRETED THAT REMARK AT THAT TIME AS A CRITICAL REFERENCE TO FEOF. DCM DEAN REPLIED TO PHOUMI THAT A CERTAIN TYPE OF AMERICAN ASSISTANCE WAS DESIGNED TO MAINTAIN ECONOMIC STABILITY IN LAOS. HE NOTED THAT THIS WAS A HIGHLY-TECHNICAL FIELD AND SUGGESTED THAT THE SUBJECT BE DISCUSSED FURTHER AFTER THE COALITION GOVERNMENT WAS FORMED AND THE LPF WAS SHARING RESPONSIBILITY WITH THE RLG FOR ADMINISTERING LAOS. AGAIN, IT IS WORTH NOTING THAT PHOUMI DID NOT SINGLE OUT FEOF PER SE FOR CRITICISM.

NOTE BY OC/T: NOT PASSED ABOVE ADDRESSEES.

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INFO OCT-01 ISO-00 /031 W

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R 200707Z OCT 73

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 6309

S E C R E T SECTION 2 OF 2 VIENTIANE 7232

EXDIS

6. FOLLOWING IS FYI ONLY AND SHOULD NOT BE MADE KNOWN TO

GOA OR OTHER OFFICIALS: AUSTRALIAN EMBASSY FIRST SECRETARY FISHER CALLED ON EMBOFF AND USAID DIRECTOR LAST WEEK TO EXPRESS HIS PERSONAL PLEA THAT USG EXERT MAXIMUM PRESSURE POSSIBLE WITH GOA AND FEOF ISSUE. HE SAID THAT CABINET DECISION IN JULY (PARA ONE, REF S) OCCURRED BECAUSE FINANCE MINISTRY BURUEDSFEBF AND ESF CONTRIBUTIONS IN MIDDLE OF LONG DOCUMENT CONTAINING 400 OTHER RECOMMENDED BUDGET DELETIONS. CABINET MEMBERS SLASHED THROUGH LIST RECKLESSLY AND DFA COULD NOT MOBILIZE QUICKLY ENOUGH TO DEFEND FEOF AND ESF. AFTERWARDS, WHILE DFA WAS TRYING TO REOPEN ISSUE, AUSTRALIAN ANBASSADOR TO LAOS (BORTHWICK) DISCLOSED CABINET DECISION TO USAID/D MANN, ACTING WITH-

OUT AUTHORITY. BORTHWICK WAS CRITICIZED BY DFA FOR THIS AND QUICKLY REVERSED HIS FIELD. FORMERLY AN OPPONENT OF FEOF, BORTHWICK IS NOW STRONGLY RECOMMENDING NEW CONTRIBUION. HIS SELF-SERVING MANEUVER HAS FURTHER CONFUSED ISSUE IN CABERRA AND THERE IS BITTERNESS ON ALL SIDES, WHICH FISHER BELIEVES PRECLUDES ANY CHANCE OF OBTAINING EXTRA FUNDS FOR FEOF THIS YEAR, AND AUGURS TOUGH UP-HILL FIGHT FOR DFA TO OBTAIN ANY FUNDS FOR NEXT YEAR. END FYI.

7. DURING DEPUTY ASSISTANT SECRETARY STEARNS' AND MY CALL ON PRIME MINISTER OCTOBER 17, WE CAME DOWN HARD ON IMPORTANCE OF STABILIZATION PROGRAM. PRIME MINISTER ECHOED OUR VIEWS AND MENTIONED HIS EFFORTS TO OBTAIN ADDITIONAL FUNDS FROM JAPANESE. WE ARE PRESENTLY PREPARING AIDE-SECRET

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MEMOIRE ON THIS SUBJECT TO LEAVE WITH SOUVANNA DURING MY NEXT CALL ON HIM. I WILL EMPHASIZE THE URGENCY AND IMPORTANCE OF MAKING SOME PUBLIC STATEMENT ON NECESSITY FOR FEOF IN THE POST-PGNU PERIOD.

8. EMBOFF HAS SOLICITED AN APPOINTMENT WITH LIF VIENTIANE

PERMREP SOTH PHETRASY FOR NEXT WEEK TO PROTEST LPF FAILURE TO PROVIDE INFORMATION ON POW/DICS BEFORE OCTOBER 14, AS PRESCRIBED IN ARTICLE 18(C) OF SEPTEMBER 14 PROTOCOL. IF DEPARTMENT HAS NO OBJECTION, HE WILL ALSO PROBE DISCREETLY ON SUBJECT OF FEOF IN POST-PGNU PERIOD. SOTH HAS NO POLICY-MAKING AUTHORITY IN LPF BUT FAITHFULLY REPEATS LPF LINE ON VARIETY OF ISSUES. HIS REACTION THUS MAY PROVIDE SOME CLUES ON LPF ATTITUDE TOWARD FEOF, IF LPF HAS INDEED FORMULATED ITS VIEWS.

9. GOJ AND GOA MUST REALIZE THAT TEMPORIZING ON FURTHER CONTRIBUTIONS TO FEOF UNTIL CLEARCUT PICTURE OF LAO SITUATION EMERGES COULD SERIOUSLY EMERIL NOT ONLY PRIME MINISTER'S POSITION BUT ALSO CHANCES OF PEACE AND STABILITY IN LAOS ENVISIONED IN FEBRUARY 21 AGREEMENT AND SEPTEMBER 14 PROTOCOL. LOCAL REPRESENTATIVES OF JAPANESE AND AUSTRALIAN EMBASSIES AGREE ON THIS POINT, AND HAVE SO REPORTED TO THEIR GOVERNMENTS. IF JAPAN, IN PARTICULAR, REFRAINS FROM ADDITIONAL CY-73 CONTRIBUTION AND WITHHOLDS CY-74 PARTICIPATION, SUBSEQUENT FAILURE OF FEOF MIGHT MEAN COLLAPSE OF RLG. WE, THEREFORE, BELIEVE THAT MAXIMUM PRESSURE SHOULD BE EXERTED ON GOA AND GOJ, AND I ENDORSE RECOMMENDATION TO THIS EFFECT IN PARAGRAPH SIX, REF C.
WHITEHOUSE

NOTE BY OC/T: NOT PASSED ABOVE ADDRESSEES.

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